

EXECUTION COPY

IMPLEMENTATION AGREEMENT

This IMPLEMENTATION AGREEMENT (the "Agreement"), dated as of January 23, 2003 by and among the ATTORNEY GENERAL OF THE STATE OF CALIFORNIA (the "Attorney General"), the CITY AND COUNTY OF SAN FRANCISCO (the "City"), the CALIFORNIA CONSUMER POWER AND CONSERVATION FINANCING AUTHORITY (the "Authority"), and the DEPARTMENT OF WATER RESOURCES with respect to its responsibilities pursuant to the Department Act (as hereinafter defined) regarding the Fund (as hereinafter defined) separate and apart from its powers and responsibilities with respect to the State Water Resources Development System (in such capacity, the "Department") (each individually a "Party" and collectively the "Parties").

RECITALS

WHEREAS, the Governor of the State of California, acting on behalf of the agencies, departments, subdivisions, boards, and commissions of the executive branch of the State of California, including without limitation the California Department of Water Resources; the California Electricity Oversight Board; the California Public Utilities Commission; the People of the State of California, by and through the Attorney General; The Williams Companies, Inc.; and Williams Energy Marketing & Trading Company and other named parties including the City entered into a Settlement Agreement as of November 11, 2002 (the "Settlement Agreement"),

WHEREAS, the Settlement Agreement, among other things, transferred and assigned to the Attorney General six (6) LM 6000 Gas Turbine Generator Sets and all related rights thereto;

WHEREAS, certain payments have been or will be made to the Attorney General pursuant to the Settlement Agreement;

WHEREAS, the Attorney General has agreed to transfer four LM 6000 Gas Turbine Generator sets and related rights to the City for the purpose of developing, acquiring, constructing and operating a generating facility in the City;

WHEREAS, the Attorney General has agreed to advance certain moneys in escrow for the development of such facility;

WHEREAS, the Department and the City have entered into the Power Purchase Agreement;

WHEREAS, the Power Purchase Agreement provides that either party may terminate the Power Purchase Agreement at any time upon ten (10) days written notice if the City fails to enter

into an Implementation Agreement (as defined therein) satisfactory to the Department by January 31, 2003;

WHEREAS, the Authority will assist the City in the application for and procurement of all state licenses, permits and approvals necessary for the construction and operation of such facility and may assist the City in other development activities, including but not limited to the California Energy Commission's Application for Certification ("AFC") which is inclusive of local, regional, state, and federal laws ordinances regulations and standards; and other support to assist the City in the development, negotiations, and approval of the Facility Agreements;

WHEREAS, the Parties wish to set forth herein the undertakings of the Parties with respect to the matters set forth above,

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless otherwise defined herein or in any appendix hereto, the following terms shall have the respective meanings in this Agreement:

"Assets" means four (4) LM 6000 Gas Turbine Generator Sets described as Units Nos. 7, 8, 9 and 10 in the GE Agreement and all rights with respect thereto under the GE Agreement relating thereto.

"Authority Option Date" means December 31, 2003 or as such date may be extended in six month increments on approval in the sole discretion of the Attorney General for good cause.

"Bill of Sale" means, collectively, the Bill of Sale, Assignment and Assumption Agreement(s) providing for transfer and assignment of the Assets to the City or its designee(s) in the form attached as Schedule 3.2(b) to the Settlement Agreement.

"City Shortfall Amount" means any amounts expended by the City in excess of the Escrow Amount.

"Closing Date" means the date selected by the Attorney General as the closing date in January, 2003.

"Department Commitment Time" shall have the meaning set forth in the Power Purchase Agreement.

"Environmental Audit" means a Phase One environmental site assessment (the scope and performance of which meets or exceeds ASTM Standard Practice E1527-93 Standard Practice

for Environmental Site Assessments: Phase One Environmental Site Assessment Process) of the Facility.

“EPC Contract” means a contract with a creditworthy contractor for the engineering, procurement and construction of the Facility at a fixed price in form and substance reasonably satisfactory to the Department.

“Escrow Agent” means the escrow agent or any successor thereto under the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreements between the Escrow Agent and the City in the form attached hereto as Exhibit 1 hereto.

“Escrow Account” means the Escrow Account established under the Escrow Agreement and held and administered by the Escrow Agent.

“Facility” means an electric generation facility including the Assets to be located in or near the City and/or the San Francisco International Airport with all other property, structures, equipment necessary for the generation and transmission of power to the Department in accordance with the Power Purchase Agreement.

“Facility Agreements” means this Agreement, the Power Purchase Agreement, the EPC Contract, the Management Agreement(s), the Bill of Sale and the Escrow Agreement.

“Facility Cost” shall have the meaning set forth in the Power Purchase Agreement.

“GE Agreement” means that certain Agreement between State Street Trust Company of Connecticut, National Association, not in its individual capacity, but solely as Owner Trustee, and GE Packaged Power, Inc. for six LM6000 Turbine Generator Sets, dated October 18, 2001, as amended on April 16, 2002 in respect of storage of the Units, and on October 22, 2002 to extend the warranties set forth therein.

“Initial Bonds” shall have the meaning set forth in the Power Purchase Agreement.

“KRCD Implementation Agreement” means the Implementation Agreement, dated as of December 31, 2002, by and among the Attorney General, the Kings River Conservation District, the Authority and Department.

“Management Agreement” means any agreement(s) in form and substance reasonably satisfactory to the Department, pursuant to which one or more creditworthy entities agrees to (a) operate and maintain the Facility on behalf of City, (b) provide fuel procurement and management, major maintenance, transmission, scheduling, dispatch and other services on behalf of City with respect to the Facility.

“Power Purchase Agreement” means the Power Purchase Agreement, entered into December 30, 2002, between the Department and the City.

“Unit” means any one of the LM 6000 Gas Turbine Generator Sets described in the GE Agreement.

ARTICLE II

UNDERTAKINGS OF THE PARTIES

Section 2.01 Undertakings. The Parties hereto each agree to enter into such agreements and perform such obligations as set forth herein, subject to such limitations as set forth herein.

Section 2.02. Transfer of Assets. (a) The Attorney General hereby agrees to the transfer, under the terms and conditions set forth in this Agreement, of all right, title and interest of Williams Energy Marketing & Trading Company in the Assets to the City as its designee under the Settlement Agreement, including all rights under the GE Agreement allocable to the Assets, and hereby authorizes the City, and shall cause Williams Energy Marketing & Trading Company, to enter into the Bill of Sale. Upon the execution and delivery of the Bill of Sale by Williams Energy Marketing & Trading Company and the City, the Attorney General shall have, and shall assert, no further interest in or claim on the Assets, except as may be set forth in this Agreement. The Attorney General agrees not to waive the execution and delivery of any consents required by Paragraph 3.2(b)(iv) of the Settlement Agreement.

(b) Subject to the Authority’s option referred to in Section 4.01 hereof, the City shall be entitled to pledge or mortgage the Facility, including the Assets, in connection with the financing thereof and may exercise any and all rights with respect to the Assets as owner thereof.

Section 2.03. Deposit of Funds; Escrow Agreement. (a) The City shall enter into the Escrow Agreement on the Closing Date. To the extent received by the Attorney General under the Settlement Agreement, the Attorney General shall make deposits to the Escrow Agreement in the following amounts as soon as practicable after the receipt date for such amount as set forth below:

<u>Receipt Date</u>	<u>Amount</u>
Closing Date	\$2,666,667
January 1, 2004	\$2,666,667
January 1, 2005	\$2,266,667
January 1, 2007	\$1,666,667
January 1, 2008	\$1,333,333
January 1, 2009	\$1,333,333
January 1, 2010	\$1,333,333

In the event that the Authority does not exercise its option to purchase pursuant to Section 4.01 of the KRCD Implementation Agreement, the Attorney General shall also make deposits of any remaining amounts allocated for the development of a power generating facility by the Kings River Conservation District (“KRCD”) that are not used and will not be needed for the development of the KRCD facility.

(b) The Attorney General shall be obligated to deposit such amounts only to the extent necessary to fund development (and not construction) of the Facility. To the extent amounts received pursuant to the Settlement Agreement on any particular receipt date are not sufficient to make all of the applications set forth on Schedule 4.7(d) of the Settlement Agreement for a particular payment, the Attorney General shall allocate amounts actually received on such receipt date among the applications set forth on Schedule 4.7(d) of the Settlement Agreement on a ratable basis.

(c) The City acknowledges and agrees that it shall seek monies from the Escrow Fund only for those purposes which are reasonable and necessary for the development (and not the construction) of the Facility.

Section 2.04 Development Budget. (a) The City and the Authority have reviewed and approved a Development Budget for development of the Facility ("Development Budget"). The Development Budget is based upon Key Milestones attached as Schedule A. The City and Authority may approve the revision of levels of expenditure within categories of the Development Budget as deemed necessary from time to time to achieve the objective of meeting specific Key Milestones. The City may submit requisitions to the Escrow Agent for reimbursement for the estimated development costs in the Development Budget attached as Schedule B as long as such payments are reasonable and necessary to meet the Key Milestones or good cause is shown by the City as to why a particular milestone schedule has been updated or could not be met. The Development Budget includes but is not limited to the estimated costs of obtaining site control, preparing all regulatory applications and proceeding through the regulatory process, negotiating electric and gas interconnection agreements, selecting EPC and O&M contractors and negotiating the EPC Contract and the Management Agreement, selection of a fuel supplier and scheduling coordinator and the negotiation of fuel supply agreements and the schedule coordinating agreement, costs associated with financing of the Facility such as the preparation of key project documents and the negotiation of credit agreements.

(b) On or before November of each year, the City and the Authority shall review the annual budget for the subsequent year. In addition, the City and the Authority will meet periodically to review the Development Budget against actual experience or upon the occurrence of a significant event and may revise the Development Budget as needed.

(c) The Department currently expects that its reasonable fees and expenses to be incurred in negotiating, preparing and implementing the Facility Agreements will be approximately \$125,000 per year for a two year development period. The Department also shall be reimbursed from the Escrow Account for reasonable fees and expenses incurred prior to January 1, 2003 in negotiating, preparing and implementing the Facility Agreements in the amount of \$100,000. All amounts referred to in this subsection (c) shall be deemed part of the Development Budget. The Authority and the City also shall be reimbursed from the Escrow Account for reasonable fees and expenses incurred prior to January 1, 2003 upon the submission of a statement in reasonable detail.

(d) The City, the Authority and the Department shall be entitled to reimbursement for all other reasonable, verifiable costs of developing the Facility which are either not included or are in excess of budgeted amounts set forth in the Development Budget from amounts remaining in

the Escrow Account after either (i) completion of development of the Facility, (ii) the City decides not to develop the Facility pursuant to Section 3.01(b) hereof, or (iii) sale of the Assets pursuant to Section 4.02 hereof.

ARTICLE III

DEVELOPMENT OF FACILITIES

Section 3.01. Development of the Facility. (a) Subject to the limitations set forth in the Facility Agreements, the City will use its best efforts to develop, acquire, construct, finance and operate the Facility at the lowest possible cost consistent with other objectives. The City will use its best efforts to meet the milestone schedule set forth in the Power Purchase Agreement.

(b) The City may, in its sole discretion, determine that (i) key approvals or permits for the Facility cannot be obtained on a timely basis or that the City cannot otherwise meet its obligations hereunder or under the Power Purchase Agreement, or (ii) proceeding with the development, acquisition and construction of the Facility will result in unacceptable risk to the City. In such case if the City decides not to develop the Facility, then the City shall exercise its option to terminate the Power Purchase Agreement pursuant to Section 4.02(a) thereof.

Section 3.02. Site; Title Report. City will use its best efforts to identify and control a site(s) at or near the City or at the San Francisco International Airport for the location of the Facility either through the optioning of a site or an equivalent governmental memorandum of understanding, acquisition of a site, or the leasing thereof, for a term sufficient to comply with the provisions of the Facility Agreements. Prior to the Department Commitment Time, the City will obtain a [leasehold] title report (together with municipal searches) from a title insurance company reasonably acceptable to the Department with respect to the City's [leasehold] interest in the site.

Section 3.03. Environmental Audit. Prior to acquiring the site pursuant to Section 3.02 hereof, the City will obtain an Environmental Audit reasonably acceptable to the Department.

Section 3.04. Storage of Assets. The City will arrange for the storage of the Assets in a manner that preserves their value and utility in accordance with manufacturer warranty requirements until such Assets are either incorporated into the Facility or sold in accordance with the provisions of this Agreement. The City will arrange for the insurance of the Assets during any shipment, storage, Facility construction and operation periods having terms and provisions reasonable acceptable to the Attorney General, the Authority and the Department. The City will not grant or permit to be imposed on the Assets any lien or other encumbrance prior to the time the Assets are either incorporated into the Facility or sold in accordance with the provisions of this Agreement.

Section 3.05. Permits and Approvals. The City shall use its best efforts to obtain all permits and governmental approvals necessary for the acquisition of the Facility site, and the acquisition, construction and operation of the Facility and to meet its obligations under the

Facility Agreements. The City shall, or the Authority on behalf of the City may, submit an application for certification (“AFC”) for the Facility to the California Energy Commission (“CEC”), and in coordination with the City’s acquisition of the Facility site the City shall, or the Authority on behalf of the City may, expeditiously provide all required data so that the AFC can be deemed data adequate by the CEC, as soon as reasonably practicable.

Section 3.06. Management Agreement(s). The City shall use its best efforts to enter into one or more Management Agreement(s). The City and the Authority may determine that the Authority should assist and support the City in the preparation, selection, negotiation, and execution of the Management Agreement.

Section 3.07. EPC Contract. The City shall use its best efforts to enter into an EPC Contract. The City and the Authority may determine that the Authority should assist and support the City in the preparation, selection, negotiation, and execution of the EPC Contract.

Section 3.08. Financing of the Facility. The City shall use its best efforts to issue the Initial Bonds to finance the Facility Cost.

ARTICLE IV

OPTIONS; SALE OF ASSETS

Section 4.01. Authority Purchase Option. (a) In the event that the (i) City has not secured a site for the construction of the Facility by the Authority Option Date, (ii) the Attorney General determines that the City has ceased development of the Facility, or (iii) the City decides not to develop the Facility pursuant to Section 3.01(b) hereof, the Authority shall have the right but not the obligation to purchase any or all Units from City at a price of \$2,500,000 per Unit and terminate this Agreement.

(b) The Authority shall determine whether it intends to exercise its option within thirty (30) days of the occurrence of an event referred to in Section 4.01(a)(i), (ii) or (iii) hereof by written notice to the City of the Authority's intent to exercise its option and shall purchase such Unit(s) in a time period not greater than 120 days from such notice. The Authority shall pay such purchase price upon exercise of its option. Upon the exercise of such option by the Authority and payment of the purchase price to the City, title to the Assets, together with all other transferable rights and property financed with moneys on deposit in the Escrow Account under the Escrow Agreement, shall automatically vest in the Authority. In the event of such termination, the City shall, upon request of the Authority, deliver or cause to be delivered to the Authority such documentation as may be necessary to evidence the City’s transfer of its interest in the Assets and such other rights and property. Upon the exercise of the Authority’s option to and payment of the purchase price to the City all rights and interests of the City and remaining proceeds of the Escrow Account shall automatically vest in the Authority; provided, however, that in addition to the payment of the purchase price by the Authority for the purchase of the Unit(s) in accordance with this Section 4.01(b), the City shall be entitled to reimbursement from amounts then on deposit in or thereafter deposited to the Escrow Account of any and all unreimbursed costs of developing the Facility incurred by the City in accordance with the Development Budget.

Section 4.02. Sale of Assets. (a) In the event the (i) (A) City has not secured a site for the construction of the Facility by the Authority Option Date, (B) the Attorney General determines that the City has ceased development of the Facility, or (C) the City decides not to develop the Facility pursuant to Section 3.01(b) hereof, and (ii) the Authority does not elect to exercise its option pursuant to Section 4.01 hereof, the City shall promptly sell such Unit(s) by means of a public bidding process. The City shall be entitled to retain (a) the first \$2,500,000 from the sale of a Unit, plus 5% of any amount in excess of \$2,500,000 and (b) any City Shortfall Amount included in the Development Budget, with any remaining proceeds being deposited in the Electric Power Fund.

(b) This Agreement shall terminate upon the sale of the Assets pursuant to subsection (a). Any proceeds of such sale received by the City shall be the City's exclusive remedy for the City's inability to develop, finance and complete the Facility for any reason. The City shall not have recourse against the Attorney General, the Authority or the Department for any costs in connection with the Facility and the Authority and the Department shall incur no liability to any other person as the result of any termination or abandonment of the Facility by the City.

ARTICLE V

OBLIGATIONS OF CITY AND AUTHORITY

Section 5.01. City's Obligations; No Debt of City; Authority Obligations. (a) City's execution of this Agreement and its obligations hereunder shall not constitute a debt or liability of the City. The execution of this Agreement shall not directly, indirectly or contingently obligate the City to levy or pledge any form of taxation or make any appropriation for the payment of any amounts under this Agreement. The City shall not be obligated to meet its development obligations as described in Section 3 hereof from any funds other than moneys made available to the City for development purposes under the Escrow Agreement.

(b) The Authority shall not be obligated to meet its development obligations as described in Section 3 hereof or any other matter associated with agreement without limitation from any funds other than moneys made available to the Authority for development purposes under the Escrow Agreement.

Section 5.02. City may Delegate to Agents. The City may delegate its obligations under the Facility Agreements to agents acting on its behalf.

ARTICLE VI
REPRESENTATIONS

Section 6.01 Representations. Each Party hereto makes the following representations and warranties:

(a) The Party has the power and authority to execute, deliver and perform this Agreement and its obligations hereunder.

(b) The execution, delivery and performance of this Agreement and the consummation of the transactions by the Party herein contemplated have been duly authorized by all requisite action on the part of the Party and will not violate any provision of law, any order of any court or agency of government, or the charter of the Party, or any indenture, agreement or other instrument to which the Party is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the imposition of any lien, charge or encumbrance of any nature whatsoever.

(c) This Agreement constitutes the legal, valid and binding obligation of the Party enforceable against the Party in accordance with its terms.

(d) There is no action or proceeding pending or, to the best knowledge of the Party, threatened by or against the Party by or before any court or administrative agency that might adversely affect the ability of the Party to perform its obligations under this Agreement and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Party as of the date hereof in connection with the execution and delivery of this Agreement or in connection with the performance of the obligations of the Party hereunder have been obtained.

ARTICLE VII
EVENTS OF DEFAULT

Section 7.01. Events of Default. An “Event of Default” shall exist mean with respect to a party (“Defaulting Party”) if:

(a) default shall be made by the Defaulting Party in the performance or observance on its part of any of the agreements or obligations contained in this Agreement and such default shall continue for a period of 30 days after written notice thereof to the Defaulting Party by the Non-Defaulting Party.

(b) Any material representation or warranty made by or on behalf of a Party herein shall prove to be false, misleading or incorrect in any material respect as of the date made.

Section 7.02. Remedies for Events of Default. (a) If an Event of Default occurs and is continuing, a Non-Defaulting Party may exercise any remedies available to it at law, in equity, by statute or otherwise, including, but not limited to, the right to seek injunctive relief to prevent irreparable injury to the Non-Defaulting Party or mandamus to compel performance of obligations hereunder.

(b) In addition to any remedies available under subsection (a), upon an Event of Default by the City the Attorney General may repossess the Assets and/or terminate the City's rights to make requisitions from and take possession of the Escrow Account. In the event the Attorney General elects to repossess the Assets, title to the Assets shall automatically vest in the Attorney General and the City shall, upon request of the Attorney General, deliver or cause to be delivered to the Authority such documentation as may be necessary to evidence the City's transfer of its interest in the Assets.

Section 7.03. Remedies not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Non-Defaulting Party is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute.

Section 7.04. Effect of Waiver and Other Circumstances. No delay or omission of the Non-Defaulting Party to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein and every power and remedy given by this Article to the Non-Defaulting Party may be exercised from time to time and as often as may be deemed expedient by the Non-Defaulting Party. A Non-Defaulting Party may waive any past default hereunder and its consequences. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of California, without regard to the conflicts of laws rules thereof.

Section 8.02. Amendment. Neither this Agreement nor any provision hereof may be amended, waived, discharged or terminated except by an instrument in writing signed by the Parties.

Section 8.03. Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by the Parties, each executed counterpart shall have the same force and effect as an original instrument and as if the Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement

without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

Section 8.04. Limitations of Liability, Remedies and Damages. Each Party acknowledges and agrees that in no event shall any officer, member of its governing bodies, employee, or affiliate of any Party be liable to any other person or Party for any payments, obligations, or performance due under this Agreement or any breach or failure of performance of either Party, or for any loss or damage to property, loss of earnings or revenues, personal injury, or any other direct, indirect, or consequential damages or injury, or punitive damages, which may occur or result from the performance or non-performance of this Agreement, including any negligence arising hereunder, and the sole recourse for performance of the obligations under this Agreement shall be against the Parties, and not against any other person, except for such liability as expressly assumed by an assignee or guarantor pursuant to an assignment of this Agreement.

Section 8.05. Transfer of Interest in Agreement. No Party shall voluntarily assign or transfer this Agreement or any portion thereof, nor any of the obligations or rights hereunder, without the prior written consent and approval of the other Party, which consent shall not be unreasonably withheld or delayed.

Section 8.06. Severability. In the event that any of the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court, regulatory agency, or other regulatory body having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless a court, regulatory agency, or other regulatory body holds that the provisions are not separable from all other provisions of this Agreement.

Section 8.07. Relationship of the Parties.

(a) Nothing contained herein shall be construed to create an association, joint venture, trust, or partnership, or impose a trust or partnership covenant, obligation, or liability on or with regard to any one or more of the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities under this Agreement.

(b) All rights of the Parties are several, not joint. No Party shall be under the control of or shall be deemed to control another Party. Except as expressly provided in this Agreement, no Party shall have a right or power to bind another Party without its express written consent.

Section 8.08. No Agency. In performing their respective obligations hereunder, neither Party is acting, or is authorized to act, as agent of the other Party.

Section 8.09. Third Party Beneficiaries. This Agreement shall not be construed to create any rights in, or to grant remedies to, any third party as a beneficiary of this Agreement or of any duty, obligation or undertaking established herein.

Section 8.10. Waivers. Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or any other matter under this Agreement, shall not be deemed a waiver with respect to any subsequent default of the same or any other matter.

Section 8.11. Waiver of Consequential Damages. In no event, whether based on contract, indemnity, warranty, tort (including, as the case may be, a Party's own negligence) or otherwise, shall either Party be liable to the other Party or to any other person or party for or with respect to any claims for consequential, indirect, punitive, exemplary, special or incidental damages or otherwise.

Section 8.12. Headings. The headings contained in this Agreement are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation of this Agreement.

Section 8.13. Further Assurances. Each Party agrees to execute and deliver such other instruments and documents and to take such other actions as may be reasonably necessary to complete performance hereunder and otherwise to further the purposes and intent of this Agreement.

Section 8.14. Application of Government Code and the Public Contracts Code. Pursuant to Section 80014(b) of the Water Code, the Department hereby determines that it would be detrimental to accomplishing the purposes of Division 27 (commencing with Section 80000) of the Water Code to make such provisions applicable to this Agreement and that such provisions and requirements are therefore not applicable to or incorporated in this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representative.

ATTORNEY GENERAL OF THE STATE OF
CALIFORNIA

By:_____

Name:

Title:

CALIFORNIA CONSUMER POWER AND
CONSERVATION FINANCING AUTHORITY

By: _____

Name:

Title:

CITY AND COUNTY OF SAN FRANCISCO

By: _____

Name: Dennis J. Herrera

Title: City Attorney

By: _____

Name: Patricia E. Martel

Title: General Manager, SFPUC

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES, separate and apart from its
powers and responsibilities with respect to the State
Water Resources Development System

By: _____

Name:

Title:

Escrow Agreement

Key Milestones**2003**

Complete initial environmental assessment of sites	March 7
Negotiate dispatch limitations w/ CDWR	March 7
Issue RFP for EPC/O&M Contractor(s)	March 31
Select EPC/O&M Contractor(s)	July 1
Prepare draft AFC for filing w/ CEC	November 7
Obtain site control	December 31*

2004

File final AFC w/ CEC	January 31*
Issue RFPs Fuel Supplier, Schedule Coordinator	February 27
Select Fuel Supplier, Schedule Coordinator	May 7
Prepare bond solicitation documents	August 6
Complete financing, execute EPC Contract	December 1*
Issue Notice to Proceed	December 2

2005

First Firing of Turbines	May 1
Commercial Operation	June 1

* Power Purchase Agreement Milestone

Development Budget